



BUSINESS TRANSFORMATION

Targets Over Tools: The Mandate for AI Transformation

Boards Lead the Way

By [Tuukka Seppä](#), [Simon Weinstein](#), [Dominic C. Klemmer](#), [Tomas Nordahl](#), [Matthieu Berthion](#), [Paul Catchlove](#), and Bianca Wienen

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This is the third in a series of articles on the crucial role of boards of directors in actively supporting corporate transformation.

Artificial intelligence is no longer a sideshow of pilots or lab experiments. It has become a key driver of transformation and a systemic lever for productivity—one that will redefine how companies grow, compete, and govern themselves. For boards, the question is no longer *if* AI will reshape their organizations, but *how fast* and with *how much value* captured along the way.

For companies to fully realize the promise of AI transformation, boards must evolve. Directors can no longer afford to be passive observers of a technology that is reshaping operating models, labor dynamics, and risk landscapes. Boards that lead begin with ambition, not algorithms. They are guided by a clear and powerful mantra: *impact before technology, targets before tools, discipline before hype*.

AI transformation is an all-hands-on-deck endeavor, and boards should be actively involved across all facets. At the highest level, they must ensure that the AI impact agenda is owned by the CEO and executive business leaders—the ultimate P&L owners—not delegated to a technology or IT function. In terms of implementation, effective boards define the outcomes first, let execution follow, and keep tracking mechanisms live throughout. They expect management to translate experimentation into a clear flight path to value creation, balancing patience with persistence and ensuring that initial proof points translate into systemic impact. Successful boards also elevate AI to a top-tier governance priority, sharpening oversight and demanding accountability, measurable outcomes, and tangible P&L impact—not another round of promising pilots.

As AI expands into our daily lives, everyone is in learning mode. Directors must develop their AI fluency to steer transformation outcomes with confidence. And putting in place mechanisms to effectively train the workforce in AI—and monitor appropriate usage—is critical to successfully redesigning workflows.

Let the Vision—not the Technology—Drive the Mission

Many management teams still treat AI as a technical experiment—a collection of pilots chasing local efficiencies. Boards must redefine that narrative. Their role is to elevate AI from a digital side project to a core performance agenda, tied explicitly to growth, cost, and productivity outcomes.

The most effective boards start by asking a simple question: *If we rebuilt our core end-to-end processes from scratch today—not limited by current functions or organizational boundaries—what would perfect look*

like, and how close can we get in 36 months?

This zero-based mindset flips the sequence from technology-first to outcome-first. Working from a vision of “perfect,” management then designs backward: defining P&L impact, mapping the required data and capabilities, and pacing the journey through quarterly milestones. Because no company can execute this process alone, the board should explore how executive leadership plans to partner externally—across technology providers, customers, and suppliers—to reach the vision faster and at scale.

Provide Sharper Oversight and Reimagined Governance

Board oversight of an AI transformation must be continuous, rigorous, and substantive. Too often, governance discussions become buried in status decks. The most effective boards instead demand an “outcome flight path”—a transparent dashboard that makes progress with AI as visible as cost or risk.

Boards should insist that every AI initiative delivers lead indicators of enterprise value—productivity gains, cycle-time reductions, cost takeout—and intervene quickly when metrics drift. Equally, boards must track progress toward a broader, transformative North Star that may go beyond financials, such as reduced time to market, improved responsiveness, or greater adaptability, to ensure that AI delivers its full performance potential.

Most boards can oversee AI within existing structures, provided that responsibilities, skills, and reporting lines are explicit. Depending on scale and risk, some may route the work through the risk or technology committee, while the full board retains strategic oversight.

A new bureaucracy isn’t required—just discipline, visibility, and treating AI performance with the same rigor applied to financial performance. This requires recalibrating the standard reporting process to asking questions such as:

- *Which core processes are being redesigned end-to-end, and how will that translate into measurable business outcomes?*
- *How do interim KPIs prove the value gap is closing, and where should the board intervene if momentum slips?*
- *Where can AI both improve efficiency in existing operations and open entirely new areas of value creation that strengthen our competitive advantage?*

Regulatory readiness is emerging as a new dimension of oversight for AI. With frameworks such as the EU AI Act, US sector guidance, and global model-governance standards taking shape, boards should expect management to maintain a quarterly AI Compliance Dashboard that tracks high-risk uses, model inventories, control effectiveness, and incidents. This ensures alignment between innovation pace and regulatory maturity.

AI Fluency Provides Strategic Advantage

The AI playbook is still being written. Boards cannot rely on legacy transformation models; they must build their own fluency and confidence. Without deliberate learning, they risk steering the process by management filters or lagging indicators. The best boards treat fluency as a strategic asset—built systematically, refreshed often, and connected to outcomes.

Upskill with intent.

AI literacy has become a boardroom competency. Leading boards establish structured learning agendas such as annual retreats, quarterly immersions, and curated insights to ensure that directors have clear perspective and can separate substance from hype. This fluency allows them to challenge management constructively and guide transformation toward measurable impact.

Benchmark relentlessly.

Learning from peers can unlock higher AI performance. Cross-industry exchanges and visits to digital leaders can help boards calibrate ambition, expose blind spots, and reset expectations early. The goal is not imitation, but to explore the question: *Where are we lagging, and how far can we leap?*

Curate the ecosystem.

Beyond business peers, boards should broaden their perspective by engaging external voices—startups, regulators, academics, civil society leaders—through short, focused dialogues. These exchanges sharpen foresight on regulation, risk, and ethics while keeping oversight anchored in accountability.

Upskilling, benchmarking, and ecosystem engagement are not side activities; they are the mechanisms through which boards maintain strategic advantage. Together, they form a flywheel to accelerate learning, sharpen oversight, and sustain impact over time. Building AI fluency isn't about turning directors into technologists—it's about ensuring they can scrutinize management's logic with confidence.

A Prepared Workforce Ultimately Drives AI Transformation

Boards can maximize productivity when they press management to reimagine functions end-to-end. Instead of layering AI onto legacy processes, they challenge teams to redesign around what is now possible—again, building backwards from the vision. Consider a function like risk management or customer service. Rather than asking which AI tools the company is currently using, the board should ask: *What if we rebuilt this function entirely on AI principles? How much faster, leaner, and more predictive could it be?*

From that ambition, management can define step-down targets and quarterly actions including workflow redesign, reskilling, data modernization, and adoption metrics. This combination of stretch ambition and operational discipline is where real transformation happens.

A critical piece of this productivity agenda is establishing workforce trust and literacy with AI. Boards should monitor AI usage by role, policy adherence, and related error or rework rates, as well as indicators of hidden or unauthorized AI use. Low training levels and untracked usage are common early in adoption. Intentional governance—through role-based training, safe-use playbooks, and telemetry—can materially reduce risk and accelerate responsible scaling to achieve the AI vision.

The Board as Force Multiplier

AI is accelerating the next frontier of performance transformation—one that blurs technology, organization, and leadership. Success will depend not on algorithms alone, but on the quality of ambition, oversight, and regulatory readiness from the top. To evolve from passive governance to performance leadership and become AI-ready, boards must make the following shifts:

- **From pilots to P&L impact**

Boards must connect AI initiatives directly to measurable financial outcomes—productivity, revenue, risk reduction—and demand visible three-year value trajectories.

- **From legacy thinking to zero-based design**

Directors should encourage management to rethink core functions from first principles, not retrofit old processes with new tools.

- **From reporting to rigorous oversight**

Replace status updates with outcome dashboards that make AI progress as trackable as any performance metric.

- **From awareness to accountability**

Board fluency in AI is now a strategic duty. Directors who understand the mechanics can better shape ambition and protect value.

- **From hype to balanced stewardship**

Tie management incentives to realized AI value, while embedding guardrails around bias, security, and trust. Ambition and prudence must advance together.

In the age of algorithms, performance will still be human-led—and the board's initiative and determination will define how far the enterprise can go. The mandate is clear: set the North Star, demand a forward flight path, upskill relentlessly, and keep asking the questions that protect value. Boards that anchor transformation to P&L impact, demand execution rigor, and stay outcome-obsessed will turn AI into a durable engine of competitive advantage. Those who set the ambition will set the pace, while those that wait for perfect proof will watch competitors pull away.

Authors



Tuukka Seppä

Managing Director & Senior Partner; Global Leader, BCG Transform Practice
Helsinki



Simon Weinstein

Managing Director & Partner; Global Product Lead, BCG Transform
Seattle



Dominic C. Klemmer

Managing Director & Partner
Cologne



Tomas Nordahl

Managing Director & Senior Partner
Stockholm



Matthieu Berthion

Managing Director & Partner
Copenhagen



Paul Catchlove

Senior Director – BCG Transform
Helsinki



Bianca Wienen

Project Leader
Berlin



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